Banks - 1934

D.C.

Industrial Bank

Washingtonians will hail with rejoicing the announcement that indication points to an early opening of the Industrial Bank. According to W. H. C. Brown the conservator, the bank will no doubt be in position to open its doors within a short time.

Credit must be given to Mr. Brown and his committee for the excellent manner in which they have managed the affairs of the institution since the bank holiday last March. In another part of The Tribune will be found a partial list of organization and persons who have contributed largely in the program to establish a new and sounder institution. The fine spirit in which the Treasury Department officials and other government officers have co-operated is also commendable.

The finest spirit has been exhibited by the depositors who were the ones most inconvenienced by the closing. They have been patient, loyal and have been willing to lend every assistance to aid Mr. Brown and his co-workers in paving the way for a greater bank. It has been remarkable that there has been no panicky feeling displayed and the utmost patience has been exhibited by the hundreds of poor persons who had their funds in the closed institution.

Instead of the usual restlessness on such occasions as a bank closing, the depositors, almost 100 per cent, continued to place their funds in the bank under the conservatorship. The confidence of the public in Mr. Brown and his associates is well deserving of such splendid response, and it is hoped that further co-operation will be given by other depositors and friends so as to speed an early opening.

Industrial Bank Now Ready To Reopen For Business In D. C.

WAASHINGTON, D. C. (CNS)—W. H. C. Brown, former president of the Industrial Bank and now acting as conservator, announces that the necessary cash has been raised for the opening of the bank and that the officers are waiting on the Treasury Department to set the opening date. The total capital stock of $65,000 has been subscribed for, and only minor details have to be complied with before the bank is open for business.

Reopening of the bank, will release 35 per cent of deposits, or more than $200,000. Dividends will be paid from time to time on approximately $400,000 of impounded money, it was said.

Names of officers as proposed for the bank have been submitted to the Comptroller of the Currency, Jesse H. Mitchell, vice president of the Industrial Savings Bank, has been proposed as head of the new Industrial Bank, should the present conservator be continued in this position with relation to the old institution.

SIGNS ORDER FOR BANK OPENING

Sum of $200,000 Will Be Released Immediately to Depositors

The new Industrial Bank of Washington will open August 15, according to an official statement by officers of the bank, Wednesday.

One of the first official acts of Comptroller of the Currency, J. F. T. O'Connor on his arrival in the city Wednesday from a trip to Paris was to sign the authorization for the reopening of the Industrial Savings Bank under its new name.

To Release $200,000

The bank was closed during the bank holiday and its opening will release immediately $200,000 to depositors. The new policy of the administration was to eliminate small banks, but special attention was given to the Industrial because of its peculiar location in a Negro section and the fact that it was the only colored bank in Washington.

The institution received the personal supervision of high government officials and was contacted personally by the White House, the Comptroller of the Currency and Jesse H. Jones, chairman of the Reconstruction Finance Corporation.

To Get Court Order

W. H. C. Brown, conservator of the bank, will appear before Judge Proctor of the Supreme Court Thursday and make application for the Court Order required in the plan of organization. At the same time the Articles of Incorporation of the new bank will be presented to the recorder of deeds, Dr. William J. Thompkins.

Jesse H. Mitchell, who will serve as president of the new bank is president and manager of the Columbia Realty Company and was vice president of the old bank

Carter to Be Cashier

Walter L. Carter, assistant conservator and acting cashier of the old bank will be cashier, with James E. Jones, head teller, as assistant cashier.

W. H. C. Brown, the conservator, will be designated to liquidate the assets of the old bank and serve as chairman of the executive committee of the new bank.

Confidence Greets Reopening of D.C. Industrial Bank

WASHINGTON — Officials of the new Industrial Bank of Washington, successor to the Industrial Savings Bank, expressed satisfaction with the reaction of depositors, Monday, as the reorganized institution opened its doors for the first time since the national banking holiday of March, 1933.

Deposits exceeded withdrawals by approximately one hundred per cent, although 35 per cent, or approximately $200,000 of the former institution's deposits were made available.

Customers lined the sidewalk in front of the bank, located at 11th and U Streets, northwest, but no evidences of a panic were seen. The bank remained open until 5 p.m. Regular banking hours have not been announced.

White Banks Send Flowers

Flowers, sent by white banks in congratulation on the opening, decorated the lobby.

The Industrial Savings Bank first opened for busines in 1913. It consolidated with the Prudential Bank in September, 1932, the merged institution operating until closed by the general order of the President.

The original plan to re-open as a national bank, with a $200,000 stock sale, was discarded in December, 1933, and a $65,000 stock campaign was started. The necessary stock had been sold by April of this year.

Officers of the new institution are:

Jesse H. Mitchell, president; Isaac S. Mason, vice-president, and Walter L. Carter, cashier. W. H. C. Brown, president of the old bank, is conservator in charge of the assets of the new bank.

Washington Bank Opens Successfully

WASHINGTON, Aug. 30.—(ANP) With deposits almost doubling withdrawals, the new Industrial Bank of Washington appeared on its way to a healthy financial condition this week after the opening, on the opening day total of $12,000 was withdrawn, while $31,000 was deposited.

The bank, which has been closed since the presidential holiday in March 1933, was paying its depositors a dividend of [illegible] cent with a total of $200,000 available for this purpose. The bank holds membership in the Federal Deposit Insurance Ceroporation, which guarantees deposits up to $5,000.

DEPOSITS IN BANK PASS $200,000

New Institution Takes in Large Sum in Less Than 2 Weeks

Deposits in the new Industrial bank of Washington passed the $200,000 mark in less than two weeks, it was announced by Walter L. Carter, cashier, Wednesday.

The bank opened August 20 after having been closed since the President's bank holiday last March, 1933. Depite the fact that a number took advantage of the opportunity to withdraw 35 per cent of their deposits which have been denied them nearly 18 months a larger number started new accounts which at all times have more than doubled the withdrawals.

A number of those who withdrew money from the bank start-

d new accounts with the money withdrawn, Mr. Carter said.

The officers of the bank are stressing the fact that the Federal Government insures deposits up to $5,000 which gives added safety to the institution.

The bank is conveniently located in uptown Washington and is the only colored institution of its kind in the District.

Banks- 1934

General

8 BANKS NOW QUALIFIED TO INSURE DEPOSITS

—Afro-American

DURHAM, N.C.—Meeting the exacting conditions of the Federal Deposits Insurance Corporation, eight banks, members of the National Negro Bankers Association, have qualified and been admitted to membership in that body, it was announced Wednesday.

By this action all net deposits in these banks are fully insured to the amount of $2,500 and the Federal Corporation guarantees the payment of same.

Absolute Protection

Certification of the members of these banks has been made by the State Banking Department, which made a careful examination of their financial status. Membership gives absolute protection to approximately 98 per cent of all depositors now on the books of the institutions. The special insurance fund is operated by the government.

Banks which have qualified and been granted membership are:

Citizens and Southern Bank and Trust Company, Philadelphia, Pa., R. R. Wright, Sr., president; Citizens Savings Bank and Trust Company, Nashville, Tenn., H. A. Boyd, president; J. C. Napier, cashier; Citizens Trust Company, Atlanta, Ga., A. T. Walden, president; L. D. Milton, cashier; Consolidated Bank and Trust Company, Richmond, Va., E. C. Burke, president; W. S. Banks, secretary-treasurer; Crown Savings Bank, Newport News, Va., W. P. Dickerson, president; J. H. Ridley, cashier; Danville Savings Bank and Trust Company, Danville, Va., G. W. Goode, president; M. C. Martin, cashier; Mechanics and Farmers Bank, Durham, N.C., C. C. Spaulding, president; R. L. McDougald cashier; Charleston Mutual and Savings Bank, Charleston, S.C., J. A McFall, president.

Fine Showing Made By Race Institutions

Newport News Bank First In Va. To Have RFC Buy Stock

8 ADMITTED IN FDIC

Deposits Up To $2,500 Insured Under Govt. Plan

With the resumption of business activity following the New Year's holiday, the nation embarked on the greatest effort in its history to safeguard its citizens life savings—the bank deposit guaranty.

All but between 250 and 500 of the United State's 14,503 licensed banks, starting Tuesday morning, are operating under the plan. Ninety six percent of the nation's 40 to 45 million bank depositors are now insured for the full amounts credited in their pass books against loss, up to $2,500 under the temporary plan now in operation.

Negro owned and operated banks are well represented in the banks which qualified for the deposit guarantee backed by the American government.

Bankers Ass'n Announcement

Through the National Negro Bankers Association, an announcement was made Wednesday morning that eight member banks have been duly examined and officially certified as having complied with the exacting conditions imposed for membership in the temporary insurance fund of the Federal Deposit Insurance Corporation, and to the insuring of the net deposits of every depositor up to $2,500.

This arrangement gives absolute protection to approximately 98 per cent of all depositors in these Negro banks.

Official certifications were made by state banking authorities during the national banking holiday in March, 1933, and the rigid examinations made of each one of these banks before admittance into the guaranty corporation affords a foundation for confidence and security never before offered to bank depositors in America.

On the basis of the qualification of its member banks, the National Negro Bankers Association invited the business of the American public in the announcement made to the Journal and Guide.

List of Banks

The banks which the banking association listed as having qualified for membership in the deposit guaranty corporation were:

Citizens and Southern Bank and Trust Co., Philadelphia, Pa., R. R. Wright, Sr., president.

Citizens Savings Bank and Trust Co., Nashville, Tenn., H. A. Boyd, president, and J. C. Napier, cashier.

Citizens Trust Co., Atlanta, Ga., A. T. Walden, president, L. D. Milton, cashier.

Consolidated Bank and Trust Co., Richmond, Va., E. C. Burke, president, W. S. Banks, secretary-treasurer.

Crown Savings Bank, Newport News, Va., W. P. Dickerson, president, J. H. Ridley, cashier.

Danville Savings Bank and Trust Co., Danville, Va., G. W. Goode, president, M. C. Martin, cashier.

Mechanics and Farmers Bank, Durham, N. C., C. C. Spaulding, president, R. L. McDougald, cashier.

Charleston Mutual and Savings Bank, Charleston, S. C., J. A. McFall, president.

Boyd Gratified

A separate announcement from Henry Allen Boyd, president of the Citizens Savings Bank of Nashville, and described by him as "the oldest Negro bank in the country,' 'said it got its certification from W. J. Cunnings, chairman of the board of the insurance corporation in Washington New Year's morning.

The Nashville bank was organized by Nashville's leading citizens. R. H. Boyd was the first president of this financial concern. Under the deposit guaranty arrangements the bank, like the others qualifying, has once more demonstrated its ability to cope with the difficult situation.

Temporary Plan

The guarantee plan that went into effect with the new year is only a temporary one, or stop gap, until the permanent program, as adopted last spring by Congress, becomes a law on July 1, next.

This tmporary plan covers individual deposits up to $2,500 in full. The permanent plan will cover in full deposits up to $10,000. That is, accounts up to that amount will be guaranteed 100 per cent.

Accounts with balances between $10,000 and $50,000 will be guaranteed 100 per cent, for the first $10,000, and 75 per cent. on the remainder. Those in excess of $50,000 will be guaranteed in full up to $10,000, 75 per cent. for the next $40,000, and 50 per cent on the remainder.

Many big bankers are bitterly opposed to the permanent guaranty plan and are conducting an intensive drive to check it. Most of the bigger bankers have come out for the temporary plan for insuring deposits in full up to $2,500. Their plan is to head off the permanent plan in the coming session of Congress, and have the temporary one continued past July 1.

Negro bankers have shown a favorable reaction to the effort to further safeguard deposits.

Then, the program is to work out a unified banking system for the country, and, possibly, scrap bank guarantees as a law. No one has said so in that many words, but a check of the leading bankers of the country on a permanent guaranty of even $2,500 finds them hazy. Their present interest now is only in killing the permanent plan, and keeping alive for an indefenite time the temporary guaranty.

The permanent guaranty fund is to be administered by a corporation, known as the Federal Deposit Insurance Corporation, with three directors in charge. The corporation starts off with a capital of approximately 450 million dollars.

The United States Treasury is subscribing one hundred and fifty million dollars, the Federal Reserve Banks about one hundred and forty million dollars and the balance from the banks participating.

The subscriptions of the participating banks is initially fixed at one-half of one per cent. of their total deposit liabilities — that is, the amount of their deposits to be covered by the insurance. Banks have paid this week one-half of their assessment, with the balance due on the call of the corporation.

In addition to the banks already mentioned, a survey at the close of the national banking holiday last March showed the following situation:

Under conservators appointed to continue operation under modified plans pending reorganization—Industrial Savings Bank, Washington, D. C., and Victory Savings Bank, Columbia, S. C. In reecivers' hand—Merchants and Farmers Bank, Boley, Okla.; Phoenix Bank, Suffolk, Va.; Metropolitan Bank and Trust Co., Norfolk; and Peoples Dime Savings Bank and Trust Co., Staunton, Va. Closed temporarily: Acorn Bank, Roanoke, Va. Open for unrestricted business—Harry O. Wilson Bank, Baltimore, Md.; Fraternal Bank and Trust Co., Fort Worth, Texas; Dunbar National Bank, New York City; and Mutual Savings and Loan Co., Charleston, W. Va.

Other than those banks listed the National Negro Bankers Association announcement, no definite word on the Bank Deposit Guaranty Corporation membership of other Negro banking institutions was available at press time.

Negro Bankers In Southland Weather Storm

Phila. Banker Lauds Institutions On Tour of South

JACKSONVILLE, Fla. — Negro banks in the Southland are in good condition and holding their own in face of economic uncertainties and difficulties, according to Major R. R. Wright, Sr., president of the National Negro Bankers Association, and the Citizens & Southern Bank and Trust Company of Philadelphia, who is here on a combination pleasure and business trip as the guest of his daughter, Mrs. C. C. Clayton.

On his way to the Land of Sunshine, Major Wright visited the following banks and conferred with the executives: the Industrial, of Washington, D. C.; Consolidated Savings Bank and Trust Company of Richmond, Va.; Danville Savings and Trust Company, Danville, Va.; Farmers' and Mechanics, Durham, N. C.; Victory Savings, Columbia, S. C. All of these banks gave promise of survival and of great usefulness to the people," President Wright reported.

In observing farm and industrial conditions confronting Negro citizens in the South, Major Wright stated that "while there are still great deprivation and unemployment and general uneasiness, yet there seems to be a remarkable improvement along most lines."

In watching living conditions, he noticed in North Carolina more log cabins among the farmers than in other states, the people, nevertheless, seeming to have a very firm grasp upon themselves and a very hopeful spirit. This is partcularly true in South Carolina and Georgia.

The Major, himself a veteran educator, visited Benedict College, Allen University, Claflin University, Voorhees Academy and Georgia State College, and discussed with the presidents the use of Haitian coffee. The response was encouraging. His proposition to exchange American soap for Haitian coffee was enthusiastically received.

Major Wright revealed that since coming to Florida he has received letters from all parts of the country asking for Haitian coffee, also from Haitian officials, among them, one from the Haitian Secretary of Commerce pledging support of the Republic of Haiti in his effort to create a market in this country for Haitian coffee.

Advices from Philadelphia, Major Wright stated, informed him that the first supply of Haitian coffee has been disposed of and another order for 50,000 pounds more will be sent as soon as possible.

Banks - 1934

Kansas

Elisha Scott To-peka Lawyer To Re-Organize Bank

The Plaindealer
8-8-34
Kansas City, Kansas

Topeka, Kans.—Elisha Scott, eminent attorney of Topeka, Kansas, has been employed by citizens of Boley, Oklahoma, through M. C. Simmons, city manager of Boley, Oklahoma to proceed to reorganize the Farmers' and Merchant's Bank of Boley, Oklahoma.

It will be remembered that Elisha Scott procured the charter for, and reorganized the First National Bank of Boley, Olahoma in 1921, which was the first charter issued to Colored people in the United States; and, that three years ago, the First National Bank of Boley, of which the late D. J. Turner was President; and, that the Farmers' and Merchant's Bank was ordered closed by the Bank Commissioner last year, because he feared a run on the bank by depositors, yet the bank was solvent and closed its doors with more than thirty-one thousand dollars in cash and one hundred thousand dollars in other assets.

There is much oil activity in the vicinity of Boley and it is now approaching the season for marketing of cotton and a bank is very necessary in that the town of Boley is compulsed wholly of Negro citizens, and the Negro farmers own ten square miles, including the city of Boley.

Mr. Wm. S. Price owns and operates the only cotton gin in the vicinity and furnishes employment to a number of worthy individuals. He is assisted in the same by his very capable daughter, Mrs. Erma Massey. Since the closing of the bank Mr. Price has aided very materially in a financial way Negro farmers and he is to be commended for his co-operative spirit.

The City Council has provided a temporary office in the Masonic Building for Mr. Scott, and his secretary, Miss Inza Harrison is there in charge and will be for the next week or ten days.

Mr. Scott is one of the most renowned attorneys, white or colored, in the United States, having practiced in thirteen states in the union successfully, and is an unusual good business man, and enjoys the respect and confidence of all the Negroes in the vicinity of Boley, which he has merited by making the fight for his people, covering a period of twenty-five years.

ATTORNEY ELISHA SCOTT

Banks - 1934

North Carolina

Greensboro, N. C., News
January 6, 1935

NEGRO BANK SEEKING TO BUY STATE BONDS

Durham Mechanics and Farmers Asks State Treasurer to Permit $75,000 Deal.

GURNEY HOOD PLEASED

Daily News Bureau and Telegraph Office
406 Wachovia Bank Bldg., Fayetteville St.

Raleigh, Jan. 5.—Durham's and Raleigh's Mechanics and Farmers bank, operated entirely by negro men and women of these two cities, today called on State Treasurer Charles M. Johnson and asked him to allow it to buy $50,000 in state notes and $25,000 in state bonds.

This $75,000 deal is the first under the Ehringhaus recovery program which contemplates the handling of these state obligations by banks in North Carolina. President C. C. Spaulding, of the Mechanics and Farmers bank, and also of the North Carolina Mutual Life Insurance company, came to Raleigh and personally made the offer to the state treasurer and to the state commissioner of banks, Gurney P. Hood. Mr. Hood, who had made his report recently to Governor Ehringhaus, suggesting that the banking conditions in the state now justify the financing of the state's notes, was a very happy man. His fine rating of the only negro bank in North Carolina, and one of the eight in America now operating without restrictions, of course pleased the bankers, but their desire to buy $75,000 worth of North Carolina's paper was a move in the direction that Mr. Hood has started and it pleased him very much. A few days ago in some of the state papers the Spaulding bank inserted an advertisement with this patriotic proclamation:

"We have gone into partnership with the government," an allusion to the bank's taking its allotment of federal deposit insurance.

The Mechanics and Farmers will take $50,000 of the state's notes at $4.50, an attractive rate of interest for the state in the light of a long continuing "tight market." The long term bonds will bring the current rate. But the news story sticks out: The Mechanics and Farmers bank gets the jump on all the others by going into the money market and taking a big piece of state paper. And this bank is able to carry that sized obligation despite the fact that it is not a member of the state or the national banker's association and never has been admitted to the clearing house of Durham. Which is another way of saying that it has done every bit of the work which has brought it to its present standing. It has none of the help that the white neighbor banks could have given.

The Mechanics and Farmers was organized 25 years ago. It opened August 1, 1908, with the late John Merrick as president. Its capital was then $10,000. In 1915 it increased its capital to $50,000 and in 1923 to $113,725. In 1934 it sold $100,000 of RFC preferred stock and has now a capital of $213,725. It stood up when its two negro neighbors in Wilson and Elizabeth City could not make it. The examiners of this banking house have never found a dollar of its money speculating. And when the presidential ban was lifted in early March after the longest banking holiday in American history this Durham institution with the Raleigh branch opened without restrictions and immediately.

The bank of course is supported by members of its own race. About 70 per cent of the unemployment was found among those people. They were harder hit than anybody. But the bank's resources were not crippled by any of the bad luck that struck the country and it improved steadily throughout the hard times. "All negro concerns have had depression on this account," the president told Mr. Hood today, but "we hope that we haven't allowed the depression to depress our integrity or our courage."

Banks-1934

South Carolina

VICTORY SAVING BANK RE-OPENS AFTER HOLIDAY

COLUMBIA, S.C. — The state board of bank control of South Carolina last week granted the Victory Savings Bank, 1107 Washington Street, permission to open Monday morning, for unrestricted business.

This organization, which has served the people of Columbia during the past 12 years, was closed March 4, when the bank holiday was declared. Later the state board of bank control placed the institution in charge of a conservator, Dr. N. A. Jenkins, chairman of the board of directors.

The board afterwards granted the bank permission to open, provided its assets were increased by $12,000. Because of the confidence the community had in the institution, the citizens pledged themselves to be personally responsible for this amount.

Immediately, a citizens' committee, headed by Dr. J. J. Starks president of Benedict College, set about to accomplish this task.

Within four weeks after the organization of this committee, more than the necessary $12.000 had been raised, by loans from citizens of Columbia. These loans were secured by the bank, and certificates were granted those who let the bank have money.

When the Victory opened Monday, it paid its depositors 50 per cent, the largest amount paid by any of the banks in this city

W. H. Harvey, president of the bank prior to the moratorium, automatically became head of the institution when it re-opened.

VICTORY SAVING'S BANK OPENS

The colored citizens in particular of Culombia rejoice in the reopening of their bank, the Victory Saying's Bank. This bank along with all of the banks of the country were closed by the President last March. Since then, this bank has been operating under a conservator, Dr. N. A. Jenkins. A few months after the closing of the bank, the depositors desiring that the bank continue, unanimously agreed that their deposits be written off by half. We doubt if a finer spirit has been shown anywhere at any time on a matter of this kind by any people. This action of the depositors made the condition of the bank very good. So much so that the State Board of Bank Control were favorable to the unrestricted reopening of the bank provided the sum of $12,000 in cash was raised. While the bank had ample assets it was short on actaul cash—some of its cash being tied up in its correspondent bank which was not allowed to re-open.

Some of the wide awake citizens of Columbia, realizing the great need of this bank in this vicinity formed themselves into an association and raised the necessary $12,000. ample security, of course, being given therefor. One year and a half ago, the Board of Directors of this band realizing the necessity of strengthening the condition of the bank raised among themselves $10,000 for that purpose. With then the spirit shown by the depositors and citizen and the zeal of the Board, there is no reason why this bank should not continue successfully and because a greater agency of usefulness to the colored citizens in particular and the community in general. Cooperation in any thing worth while means success. Let the colored citizens in even larger numbers now show their interest and faith by dealing with their bank.

Tennessee

Banks-1934

ANOTHER FINE RECORD ESTABLISHED BY BANK

Qualifies as Member of Federal Deposit Insurance Corporation

Notice from Washington was received this week by the Citizens Savings Bank that it had been accepted as a member of the Federal Deposit Insurance Corporation. This telegram was received Monday morning, New Years Day, and was read by Henry A. Boyd the president, J. C. Napier the cashier and A. G. Price the assistant cashier. Although this was a legal holiday the three officers of this institution were at the bank early carrying out their usual practice and custom of rendering an incomparable service to its large list of depositors and patrons.

By this insurance, this membership and this qualification the bank is in a position, supported by the guarantee of the U. S. Deposit Agency to assure every person that their money will be protected, safeguarded and held one hundred percent secure. Any person having from $1.00 up to $2500.00 on deposit is guaranteed against any eventuality in these shifting conditions through which the country is passing in this period of depression. Public notice was given Monday afternoon through the daily papers that this bank had qualified and is now a full-fledged member.

Congratulations poured in upon the bank officials from many sources. The officers, directors and stockholders accepted these congratulations and at the same time, assured the public that they would continue their record of years past, in developing a service for the citizens of Nashville. The president was asked when the stockholders would hold their annual meeting. In reply to this he stated that there had been no change in the date, and that in all probability it would be between now and the middle of January.

Many of the stockholders of this institution are scattered throughout the various states. Last year at their annual meeting it was disclosed that these owners represented citizens in twenty-eight different states and two foreign countries. The directorate selected from the stockholders and owners is made up of some of the best citizens of the state of Tennessee and the city of Nashville. Men and women who have battled the problems of life up from the ranks to their present positions. Since the organization of the institution it has held first place in the esteem of this cosmopolitan population here in this educational and religious center. Having met every test, safe-guarded and protected every depositor, and complied with all the state and national banking requirements expected of a state bank and demanded of a local institution, the officers renew their invitation to the citizens of Nashville to use the service.

Banks—1934

Court Decision To Decide Depositors' Right To Intervene

Ask Leave of Court to Help Receiver Liquidate Assets of Closed Metropolitan Bank; Challenge Receivership Costs

Whether or not a committee representing depositors of the closed Metropolitan Bank and Trust Company now in receivership, will be allowed, through their attorneys, to assist Willis V. Fentress, receiver in liquidating the assets of the bank, will rest upon a decision to be handed down by Judge Allan R. Hanckel of City Circuit Court.

This was indicated Monday when Judge Hanckel took the matter under advisement following arguments, both by attorneys for the receiver and those representing the depositors' committee, on a demurrer to a petition to intervene. The action was the outgrowth of the petition to intervene filed by Attorneys E. S. Peters and W. W. Foreman on behalf of the depositors' committee.

This committee, according to the petition, is composed of M. E. Diggs, L. W. White, E. L. Cooke, Joseph Moorman, D. G. Jacox, J. D. Archer, Mrs. Nelie Dillard and Camillus Ricks.

MATTER UNDER ADVISEMENT

The sole issue to be determined by Judge Hanckel's decision will be whether or not the depositors are the proper parties to intervene or assist the receiver in liquidating the bank's assets, it was indicated at Monday's hearing. The court took the matter under advisement after listening to arguments from both sides, and after a motion to strike out the demurrer had been made by Attorney H. D. Dolphin, for the petitioners, and overruled.

Grounds for demurrer to the depositors' petition as outlined by Charles L. Eason, white, representing the receiver, were submitted as follows:

"1. That the petitioners are not proper parties to this proceeding.

"2. That the petitioners have not alleged in their petition any or sufficient facts to entitle them to be made parties to this proceeding.

NOT SUFFICIENT INTEREST

"3. That the petitioners have not alleged in their petition any title to, or sufficient interest in, the assets of the bank now in the hands of the receiver to entitle them to any affirmative relief in the premises.

"4. That the petitioners have not alleged in their petition any fact or facts to entitle them to any affirmative relief.

"5. That the petitioners as a matter of law are not entitled to the relief prayed for."

Mr. Eason argued that the depositors had no right to intervene, first because they are not necessary parties; that they have not alleged any malfeasance or misfeasance on the part of the receiver, and that if one depositor is allowed to intervene, each of the 5,000 depositors will have the same privilege, thus subjecting the receiver to the possibility of a multiplicity of civil suits.

SEEK RFC LOAN

The attorney argued further that one of the main allegations of the depositors' petition is based upon their claim that they desire to intervene in order to assist in securing a loan from the Reconstruction Finance Corporation, and that under the Virginia code such action is illegal. He declared that it is an infraction of law for anyone other than a properly-appointed receiver to administer the assets of a closed bank.

"When a bank is placed in receivership," he said, "its assets are automatically placed in the custody of the court, who, in turn, appoints a receiver."

"We wish to say in the outset that we do not desire to be understood as intimating, even remotely, any suggestion of malfeasance or misfeasance on the part of the receiver," Mr. Foreman said in presenting the depositors' side of the argument to the court.

WANT TO COOPERATE

"Our purpose is not to antagonize or hinder, but to cooperate with, and assist the receiver in his efforts to speedily liquidate the assets of the bank to the end that

named in the preamble of the agreement which those the committee represents are asked to sign are M. E. Diggs, L. W. White, E. L. Cook, Joseph Moorman, D. G. Jacox, J. D. Archer, Mrs. Nellie Dillard, and Camillus Ricks, all prominent citizens in the city and former depositors in the bank.

This committee's agreement binds any depositor who enters into it to pay the committee up to five percent of any and all amounts paid to such depositor by the receiver.

Paragraph 5-C-D of the agreement reads as follows:

"5. The committee shall not be entitled to compensation for their service hereunder, but their expenses and disbursements made in the payment of any expense of any nature whatsoever deemed expedient, or necessary, in the **sole discretion of the committee** in furtherance of this agreement, shall be paid by the depositors as hereinafter provided.

"It is hereby expressly agreed that the said committee is further authorized to use its best efforts to secure a loan for the relief of the depositors of the said bank without any obligations on the said committee, or its members individually to do so.

"Every depositor hereunder agrees to pay his ratable proportion of the expenses which may be incurred by the committee, said proportion not to exceed five (5%) per centum of any amount paid to her, him or it by the receiver of the bank."

Under this contract depositors would pay the receiver five percent and the committee five percent.

The Journal and Guide was unable, up to time of going to press, to procure from the committee a list of depositors represented by the committee. The two public meetings held by the general committee, of which Ernest L. Cook is chairman, have been largely attended, but it has not as yet been disclosed who the signers of the contract with the committee are. All efforts to obtain such names from the depositors committee chairman were unsuccessful. The list contains between 200 and 300 names, and represents about $25,000 in deposits, according to W. W. Foreman, an attorney for the committee. There are 5,000 depositors and the total deposits are $165,000.

NEWSPAPER ASSAILS RICH

William M. Rich, who was president of Metropolitan when the bank went into receivership, was severely criticised in the out-of-town newspaper article, as having closed his personal account with the bank with the exception of a Christmas savings account of $1.25, and as having notes in the amount of $1,999.95 in the bank. The Rev. Richard H. Bowling, director, and Dr. A. J. Strong, vice president, also came in for much criticism.

When asked by the Journal and Guide concerning his accounts, Mr. Rich produced records to show that his original purchase of stock of the bank was 102 shares at a total cost of $12,750. A later stock dividend of 34 shares brought his total number of shares up to 136, at a par value of $125 per share.

On June 18th, 1926, records of the bank show, Mr. Rich voluntarily surrendered 108 shares with a par value of $9,720, along with shares surrendered by other officers and stockholders, to offset losses the bank had sustained from depreciated securities and bad loans.

The records further exhibited that on January 5th, 1931 when the bank first went into receivership, Mr. Rich owed the bank $2,555, as follows: A note of $95, endorsed by his wife; a $40 insurance note; a note of $125 secured by a deed of trust; a note of $2,295, secured by a first deed of trust for $1,500, a second deed of trust of $800, and his stock holdings. Since the receivership this indebtedness has been reduced to $1,943.68, he having paid $611.32 on the original amount.

When on June 21, 1933, the bank went into its second and final receivership, Mr. Rich had a balance in his account of $105.05, which amount was promptly seized by the receiver and applied on his notes.

The amount he now owes, the former president told the Journal and Guide, represents the balance he owes on his purchase of stock in the bank, and does not represent any money advanced to him for other purposes.

THE COMMITTEE'S TRANSACTIONS

The article in the out-of-town newspaper listed the names of the committee of the depositors which filed the petition before Judge A. R. Hanckel as "heavy depositors."

E. L. Cook, who is chairman of the depositors committee and is also one of the parties to the five per centum agreement with the depositors had on deposit, the records of the receiver show, $127.41. The record shows that this deposit was an assignment of a restricted deposit of one, Benjamin F. Parker to E. L. Cook.

After deducting this assigned account, Mr. Cook had, of his own funds which he deposited in the bank, the records show, a balance of 29c. He was indebted to the bank on a note in the amount of $455, according to the list of assets of the bank.

Following the closing of the bank, the receiver, Mr. Fentress sued Mr. Cook to recover the amount of the note, and was awarded a judgment in the Court of Law and Chancery. Following this, Mr. Cook filed a petition in bankruptcy.

Others who are named as parties to the contract between the committee and the depositors, and their balances, are: M. E. Diggs $217.08; L. W. White, $65.45; Joseph Moorman, $7.08; D. G. Jacox, $3.08; J. D. Archer, $131.41. Mrs. Nellie Dillard, $3.59; and Camillus Ricks, $376.12.

BOWLING TO ANSWER CHARGES

Charges published that the Rev. Richard H. Bowing, a director of the bank, had no funds on deposit, but had some notes endorsed only by his wife, will be answered the minister told the Journal and Guide, from his pulpit at the First Baptist Church, Bute Street, Sunday night, April 15. His answer will be given to the press following his delivery of it from his pul-

Banks - 1934

Court Decision To Decide Depositors' Right To Intervene

Ask Leave of Court to Help Receiver Liquidate Assets of Closed Metropolitan Bank; Challenge Receivership Costs

Whether or not a committee representing depositors of the closed Metropolitan Bank and Trust Company now in receivership, will be allowed, through their attorneys, to assist Willis V. Fentress, receiver in liquidating the assets of the bank, will rest upon a decision to be handed down by Judge Allan R. Hanckel of City Circuit Court.

This was indicated Monday when Judge Hanckel took the matter under advisement following arguments, both by attorneys for the receiver and those representing the depositors' committee, on a demurrer to a petition to intervene. The action was the outgrowth of the petition to intervene filed by Attorneys E. S. Peters and W. W. Foreman on behalf of the depositors' committee.

This committee, according to the petition, is composed of M. E. Diggs, L. W. White, E. L. Cooke, Joseph Moorman, D. G. Jacox, J. D. Archer, Mrs. Nelie Dillard and Camillus Ricks.

MATTER UNDER ADVISEMENT

The sole issue to be determined by Judge Hanckel's decision will be whether or not the depositors are the proper parties to intervene or assist the receiver in liquidating the bank's assets, it was indicated at Monday's hearing. The court took the matter under advisement after listening to arguments from both sides, and after a motion to strike out the demurrer had been made by Attorney H. D. Dolphin, for the petitioners, and overruled.

Grounds for demurrer to the depositors' petition as outlined by Charles L. Eason, white, representing the receiver, were submitted as follows:

"1. That the petitioners are not proper parties to this proceeding.

"2. That the petitioners have not alleged in their petition any or sufficient facts to entitle them to be made parties to this proceeding.

NOT SUFFICIENT INTEREST

"3. That the petitioners have not alleged in their petition any title to, or sufficient interest in, the assets of the bank now in the hands of the receiver to entitle them to any affirmative relief in the premises.

"4. That the petitioners have not alleged in their petition any fact or facts to entitle them to any affirmative relief.

"5. That the petitioners as a matter of law are not entitled to the relief prayed for."

Mr. Eason argued that the depositors had no right to intervene, first because they are not necessary parties; that they have not alleged any malfeasance or misfeasance on the part of the receiver, and that if one depositor is allowed to intervene, each of the 5,000 depositors will have the same privilege, thus subjecting the receiver to the possibility of a multiplicity of civil suits.

SEEK RFC LOAN

The attorney argued further that one of the main allegations of the depositors' petition is based upon their claim that they desire to intervene in order to assist in securing a loan from the Reconstruction Finance Corporation, and that under the Virginia code such action is illegal. He declared that it is an infraction of law for anyone other than a properly-appointed receiver to administer the assets of a closed bank.

"When a bank is placed in receivership," he said, "its assets are automatically placed in the custody of the court, who, in turn, appoints a receiver."

"We wish to say in the outset that we do not desire to be understood as intimating, even remotely, any suggestion of malfeasance or misfeasance on the part of the receiver," Mr. Foreman said in presenting the depositors' side of the argument to the court.

WANT TO COOPERATE

"Our purpose is not to antagonize or hinder, but to cooperate with, and assist the receiver in his efforts to speedily liquidate the assets of the bank to the end that

named in the preamble of the agreement which those the committee represents are asked to sign are M. E. Diggs, L. W. White, E. L. Cook, Joseph Moorman, D. G. Jacox, J. D. Archer, Mrs. Nellie Dillard, and Camillus Ricks, all prominent citizens in the city and former depositors in the bank.

This committee's agreement binds any depositor who enters into it to pay the committee up to five percent of any and all amounts paid to such depositor by the receiver.

Paragraph 5-C-D of the agreement reads as follows:

"5. The committee shall not be entitled to compensation for their service hereunder, but their expenses and disbursements made in the payment of any expense of any nature whatsoever deemed expedient, or necessary, in the **sole discretion of the committee** in furtherance of this agreement, shall be paid by the depositors as hereinafter provided.

"It is hereby expressly agreed that the said committee is further authorized to use its best efforts to secure a loan for the relief of the depositors of the said bank without any obligations on the said committee, or its members individually to do so.

"Every depositor hereunder agrees to pay his ratable proportion of the expenses which may be incurred by the committee, said proportion not to exceed five (5%) per centum of any amount paid to her, him or it by the receiver of the bank."

Under this contract depositors would pay the receiver five percent and the committee five percent.

The Journal and Guide was unable, up to time of going to press, to procure from the committee a list of depositors represented by the committee. The two public meetings held by the general committee, of which Ernest L. Cook is chairman, have been largely attended, but it has not as yet been disclosed who the signers of the contract with the committee are. All efforts to obtain such names from the depositors committee chairman were unsuccessful. The list contains between 200 and 300 names, and represents about $25,000 in deposits, according to W. W. Foreman, an attorney for the committee. There are 5,000 depositors and the total deposits are $165,000.

NEWSPAPER ASSAILS RICH

William M. Rich, who was president of Metropolitan when the bank went into receivership, was severely criticised in the out-of-town newspaper article, as having closed his personal account with the bank with the exception of a Christmas savings account of $1.25, and as having notes in the amount of $1,999.95 in the bank. The Rev. Richard H. Bowling, director, and Dr. A. J. Strong, vice president, also came in for much criticism.

When asked by the Journal and Guide concerning his accounts, Mr. Rich produced records to show that his original purchase of stock of the bank was 102 shares at a total cost of $12,750. A later stock dividend of 34 shares brought his total number of shares up to 136, at a par value of $125 per share.

On June 18th, 1926, records of the bank show, Mr. Rich voluntarily surrendered 108 shares with a par value of $9,720, along with shares surrendered by other officers and stockholders, to offset losses the bank had sustained from depreciated securities and bad loans.

The records further exhibited that on January 5th, 1931 when the bank first went into receivership, Mr. Rich owed the bank $2,555, as follows: A note of $95, endorsed by his wife; a $40 insurance note; a note of $125 secured by a deed of trust; a note of $2,295, secured by a first deed of trust for $1,500, a second deed of trust of $800, and his stock holdings. Since the receivership this indebtedness has been reduced to $1,943.68, he having paid $611.32 on the original amount.

When on June 21, 1933, the bank went into its second and final receivership, Mr. Rich had a balance in his account of $105.05, which amount was promptly seized by the receiver and applied on his notes.

The amount he now owes, the former president told the Journal and Guide, represents the balance he owes on his purchase of stock in the bank, and does not represent any money advanced to him for other purposes.

THE COMMITTEE'S TRANSACTIONS

The article in the out-of-town newspaper listed the names of the committee of the depositors which filed the petition before Judge A. R. Hanckel as "heavy depositors."

E. L. Cook, who is chairman of the depositors committee and is also one of the parties to the five per centum agreement with the depositors had on deposit, the records of the receiver show, $127.41. The record shows that this deposit was an assignment of a restricted deposit of one, Benjamin F. Parker to E. L. Cook.

After deducting this assigned account, Mr. Cook had, of his own funds which he deposited in the bank, the records show, a balance of 29c. He was indebted to the bank on a note in the amount of $455, according to the list of assets of the bank.

Following the closing of the bank, the receiver, Mr. Fentress sued Mr. Cook to recover the amount of the note, and was awarded a judgment in the Court of Law and Chancery. Following this, Mr. Cook filed a petition in bankruptcy.

Others who are named as parties to the contract between the committee and the depositors, and their balances, are: M. E. Diggs $217.08; L. W. White, $65.45 Joseph Moorman, $7.08; D. G. Jacox, $3.08; J. D. Archer, $131.41 Mrs. Nellie Dillard, $3.59; and Camillus Ricks, $376.12.

BOWLING TO ANSWER CHARGES

Charges published that the Rev. Richard H. Bowing, a director of the bank, had no funds on deposit, but had some notes endorsed only by his wife, will be answered the minister told the Journal and Guide, from his pulpit at the First Baptist Church, Bute Street, Sunday night, April 15. His answer will be given to the press following his delivery of it from his pul-

Major Items of Cost of Receivership Are Specified In Report

Obligations to Preferred Creditors Discharged; Cash and Bonds On Hand Total $21,284.50; Committee Asks 5 Percent

What disposition was made of the sum of $19,070.04 which the receiver, Attorney Willis V. Fentress, took over when Metropolitan Bank and Trust Company went into liquidation on June 21, 1933, was a question raised and much discussed here during the past week, following publication in an out-of-town newspaper of charges concerning this sum and other matters in connection with the receivership.

The question prompted the Journal and Guide to examine the receiver's reports and records, with the purpose in view of finding out and disclosing the facts.

HOW THE FUNDS HAVE BEEN DISBURSED

The last report of the receiver, filed with the court, shows that the sum in question was disbursed as follows:

Auditing expense	$ 2,500.00
Two certified public accountants, and two assistants were engaged over a period of 60 days in auditing the general accounts of the bank and of the 6,000 depositors.	
Taxes (accrued and due on bank building)	5,313.53
Shareholders' Taxes	145.90
Trust Funds Disbursed	3,407.08
A trust fund in which the bank was committee (guardian) A preferred liability.	
Customers' drafts paid	111.50
Fire Insurance on bank building	506.25
Amount paid on mortgages (properties owned by the bank) To Forestall Foreclosures	759.85
Liability to depositors offset against their notes (collected from depositors and applied on what they owed the bank)	5,328.72
Interest on mortgages (bank's properties)	542.49
Surety bonds (receiver and assistants)	450.00
Total	$19,065.32

In addition to the above amounts disbursed, which according to the record are listed as preferred claims having priority over others, the receiver, Mr. Fentress, has been paid $1,650; the attorneys for the receiver have been paid $2,165, of which amount $1,165 was to cover the examination of 111 real estate titles in connection with an application filed with the RFC Depositors Liquidating Corporation for a loan, which was not granted.

FUNDS NOW ON HAND

The records of the receiver show that he now has on hand cash in the amount of $13,784.50, and also holds bonds of the Home Loan Corporation for $7,500, which have not as yet been sold and converted into cash. These bonds were procured by the receiver through the refinancing of mortgages held by the bank on real estate.

INTEREST COLLECTED

The records of the receiver also show that he has collected in interest $4,620.24, and other items of income $31.45, making a total collection aside from the principal sums due the bank of $4,651.69.

The receiver employs two assistants at $42.50 each per week. One of these is William M. Rich, former president of the bank. The administrative expense records of the receiver show that he has collected in interest from the bank's borrowers $1,162.58 more than he has paid his two assistants, which in the aggregate is $3,457.66. The clerical expense, the reports show, has not drawn upon or impaired the principal assets of the bank.

Committee Asks Five Per Cent

The "depositors committee" the greatest amount possible may be salvaged for the benefit of the unfortunate depositors whose savings are involved in this defunct institution.

"Nor do we contend that we are absolutely necessary parties, entitled, as a matter of right, to intervene in this proceeding, but we do contend that we are proper parties and that under the circumstances, can be of substantial assistance to the receiver and should be permitted to intervene for this purpose.

"All we are seeking is that the strictest economy be exercised in administering the affairs of this receivership and that liquidation be pushed as rapidly as possible.

"As to our interest in the subject matter, we constitute several hundred depositors owning, in the aggregate, several thousand dollars, and we feel we should be permitted to come in for the protection and promotion of our common interest.

Receivership Costs Challenged

"We are prepared to show that it is costing the depositors upwards of $350 per month, including commissions, clerical hire, etc., to administer this trust and that this sum is entirely out of proportion with the collections being made by the receiver and his assistants. It is our opinion that this expense is excessive and that it can, and should be, reduced—in fact must be reduced if the depositors are to receive any appreciable amount of their money. We believe that this can be accomplished without impairing the efficiency of administration one iota.

"We have been assured that if the expense is reduced to an amount commensurate with the income that the assets are yielding, that a loan may be obtained sufficient to pay the depositors a dividend of at least fifteen per cent."

Petition Argued March 31

The petition to intervene was argued for the first time on behalf of the depositors on Saturday, March 31. The legal action represented the first that any depositors have taken relative to what they termed delay of the receiver in liquidating the bank's assets. Several meetings of a depositors' committee had been held and lengthy investigations made up to that time, however. Two public meetings have been held.

In the petition to intervene, the depositors' committee outlines as grounds for the action, first, that they represent the organized depositors of the bank under the terms of an agreement made and entered into on March 15, 1934, between themselves and "said persons and corporations who have become parties thereto in pursuance of the terms and conditions thereof;" that they represent "several hundred persons, natural and corporate, under the terms of the agreement, having on deposit with Metropolitan Bank and Trust Company at the time of the conditional closing of the said bank by executive order of the President of the United States on March 4, 1933, the aggregate sum of several thousand dollars."

Claim Loan Insufficient

The petitioners contend further that the sum of $20,000 offered the receiver by the Reconstruction Finance Corporation in his application for a loan of $115,000 with which to make a payment to depositors, "is grossly insufficient to afford your petitioners and other persons similarly situated any appreciable relief."

The petitioners further express a belief that the principal reason for failure to obtain the loan was due to the "great cost and expense of administering the trust of the said receiver," and state that they feel that if allowed to cooperate with the receiver, they will be able to obtain a loan to supplement the $20,000 offered by the RFC, sufficient to pay "a dividend of at least fifteen per cent to your petitioners and other persons similarly situated."

To sum up, the depositors ask that they be given a right to appear at any hearing or hearings which might affect their interests and other persons similarly situated, and, if necessary, to cross examine witnesses and be heard in person, or by counsel in all further proceedings, and finally that they be authorized to proceed in cooperation with the receiver, in an effort to renew the application for a loan with the State Deposit Liquidation Committee, a branch of the Reconstruction Finance Corporation.

Closed On Banking Holiday

The alleged delay in making payments to depositors of the closed bank was first brought to public notice by the Norfolk Civic Association. The committee was originally named by P. J. Chesson, president of the association, following discussions at meetings several months ago.

The Metropolitan Bank failed to reopen after being closed on Mar. 4, 1933, in compliance with President Roosevelt's national banking holiday order.